

Message Text

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21

ORIGIN STR-04

INFO OCT-01 IO-11 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

AF-06 ARA-06 EA-07 EUR-12 NEA-10 /135 R

DRAFTED BY TR:JGREENWALD/CMG

APPROVED BY STR:AWOLFF

STATE:WBARRACLOUGH

COMMERCE:SCRAVEN

LABOR:DWANAMAKER

AGRICULTURE:TCONWAY

TREASURY:EGREEN

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R 070207Z APR 76

FM SECSTATE WASHDC

TO USDEL MTN GENEVA

INFO USMISSION GENEVA

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E.O. 11652:

TAGS: ETRD, GATT

SUBJECT: BRAZILIAN PROPOSAL FOR GATT REFORM

REF: MTN GE 2448

1. WE AGREE THAT MEETING CALLED BY LONG FOR APRIL 26
TO DISCUSS THE BRAZILIAN PROPOSAL IS NOT A GOOD IDEA.
WHILE WE BELIEVE THERE IS MERIT IN DISCUSSING THE ISSUE
WITH BRAZILIANS BEFORE NAIROBI, WE BELIEVE THIS SHOULD
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BE DONE BILATERALLY. IF, AS IS SUGGESTED, THE APRIL 26

MEETING MUST TAKE PLACE, WE WOULD LIKE TO ARRANGE BILATERAL DISCUSSIONS WITH THE BRAZILIANS AND PERHAPS OTHER KEY DELEGATIONS BEFORE THE MEETING.

2. WE ARE PLEASED THAT THE EC IS FINALLY COMING TO THE CONCLUSION THAT THE BRAZILIAN PROPOSAL WILL NOT GO AWAY BY BEING IGNORED. HOPEFULLY, THIS OPENS THE POSSIBILITY OF GREATER EC AND OTHER DC COOPERATION IN ATTEMPTING TO MANAGE THE RISK THE BRAZILIAN PROPOSAL IN ITS CURRENT FORM PRESENTS FOR A DISRUPTIVE LDC-DC CONFRONTATION IN THE MTN.

3. WE SHARE THE MTN DEL'S VIEW THAT DEFLECTING THIS

ISSUE INTO THE CTD IS UNLIKELY TO BE EFFECTIVE OR ACCEPTABLE TO THE BRAZILIANS AND OTHER KEY LDC'S. GIVEN THE CTD'S TRACK RECORD IN DISCUSSION OF REVISING PART IV OF THE GATT AND THE OTHER LDC REFORM INITIATIVES, THIS IS AN ALL TOO OBVIOUS ATTEMPT TO BURY THE ISSUE. HOWEVER, WE DO NOT YET ENTIRELY PRECLUDE THE POSSIBILITY OF GAINING ACCEPTANCE BY BRAZIL OF A GROUP IN GATT, PROBABLY UNDER THE G-18, AS WELL AS A GROUP IN THE MTN. OUR PRIMARY RATIONALE WOULD BE TO HAVE A GROUP SET UP IN GATT TO WHICH ISSUES COULD BE REFERRED SHOULD IT PROVE THAT AGREEMENT IS NOT POSSIBLE ON A SPECIFIC REFORM ISSUE WITHIN THE TIME-FRAME OF THE MTN (I.E., TO AVOID PROBLEM OF THE LDC USE OF AN MTN REFORM GROUP TO HOLD OTHER MTN AGREEMENTS HOSTAGE TO LDC REFORM OBJECTIVES). IN ADDITION, WE WOULD ARGUE THAT ANY MTN REFORM GROUP MUST DEAL WITH SPECIFIC REFORM ISSUES, LEAVING THE QUOTE CONSOLIDATION, HARMONIZATION, AND PUTTING INTO LEGAL FRAMEWORK END QUOTE OF THE SPECIFIC ISSUES TO A GATT REFORM GROUP WHOSE MANDATE WOULD EXTEND BEYOND THE MTN AND WOULD INCLUDE A REVIEW OF ALL THE IMPLICATIONS FOR THE GATT OF MTN AGREEMENTS WHETHER CHARACTERIZED AS REFORM OR NOT.

4. WITH REGARD TO EC SUGGESTION THAT THE BRAZILIAN PROPOSAL BE DEALT WITH IN THE CTD, YOU SHOULD INFORM LUYTEN THAT WE COULD NOT SUPPORT AN EFFORT TO SIDETRACK LIMITED OFFICIAL USE

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THE PROPOSAL IN THIS MANNER. WE CONCUR THAT SUCH AN EFFORT IS NOT SALEABLE AND ARE CONCERNED THAT, SHOULD WE SUPPORT THE EC, IT MIGHT MOVE THE BRAZILIANS TOWARDS A MORE INFLEXIBLE POSITION ON THE REFORM ISSUE. YOU SHOULD FURTHER INFORM LUYTEN THAT OUR PRIMARY OBJECTIVE NOW IS TO LIMIT AN MTN REFORM GROUP TO SPECIFIC ISSUES AND AVOID AN LDC VETO ON AGREEMENTS REACHED ELSEWHERE IN THE MTN. AT THE SAME TIME, GIVEN ITS WORK ON PART IV

OF THE GATT, THE CTD COULD BE A USEFUL FORUM IN WHICH TO IDENTIFY CERTAIN REFORM ISSUES WHICH MIGHT BE NEGOTIATED. YOU MIGHT ALSO EXPLORE WITH LUYTEN THE POSSIBILITY OF A GATT GROUP IN ADDITION TO AN MTN GROUP AS A MEANS OF CONTROLLING THE OPERATION OF THE LATTER (SEE PARA. 3 ABOVE). FINALLY, YOU MAY INFORM HIM THAT THE U.S. REVIEW OF THE MACIEL PAPER SHOULD BE COMPLETED SHORTLY AND, THEREAFTER, IT MIGHT BE USEFUL TO DISCUSS THE REFORM QUESTION IN GREATER DETAIL. KISSINGER

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Margaret P. Grafeld
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